

EFFECTIVE DATE OF 1999 AMENDMENT

Amendment by Pub. L. 106-102 effective 120 days after Nov. 12, 1999, see section 161 of Pub. L. 106-102, set out as a note under section 24 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1841, 3106 of this title.

CHAPTER 18—BANK SERVICE COMPANIES

Sec.

- 1861. Short title and definitions.
 - (a) Short title.
 - (b) Definitions.
- 1862. Amount of investment in bank service company.
- 1863. Permissible bank service company activities for depository institutions.
- 1864. Permissible bank service company activities for other persons.
 - (a) Services permissible other than taking deposits.
 - (b) Services to be performed in State where shareholders or members are located.
 - (c) Performance where State bank is shareholder or member.
 - (d) Performance where national bank is shareholder or member.
 - (e) Performance where State bank and national bank are shareholders or members.
 - (f) Geographic location.
- 1865. Prior approval for investments in bank service companies.
 - (a) Approval of Federal banking agency.
 - (b) Approval of Board.
 - (c) Considerations in determining approval.
 - (d) Failure to act on application for approval.
- 1866. Services to nonstockholders or nonmembers.
- 1867. Regulation and examination of bank service companies.
 - (a) Principal investor.
 - (b) Applicability of section 1818 of this title.
 - (c) Services performed by contract or otherwise.
 - (d) Issuance of regulations and orders.

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in section 24a of this title.

§ 1861. Short title and definitions**(a) Short title**

This chapter may be cited as the “Bank Service Company Act”.

(b) Definitions

For the purpose of this chapter—

(1) the term “appropriate Federal banking agency” shall have the meaning provided in section 1813(q) of this title;

(2) the term “bank service company” means—

(A) any corporation—

(i) which is organized to perform services authorized by this chapter; and

(ii) all of the capital stock of which is owned by 1 or more insured banks; and

(B) any limited liability company—

(i) which is organized to perform services authorized by this chapter; and

(ii) all of the members of which are 1 or more insured banks.

(3) the term “Board” means the Board of Governors of the Federal Reserve System;

(4) the term “depository institution” means an insured bank, financial institution subject to examination by the Federal Home Loan Bank Board or the National Credit Union Administration Board, or a financial institution the accounts or deposits of which are insured or guaranteed under State law and are eligible to be insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration Board;

(5) the term “insured bank” shall have the meaning provided in section 1813(h) of this title;

(6) the term “invest” includes any advance of funds to a bank service company, whether by the purchase of stock, the making of a loan, or otherwise, except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment;

(7) the term “limited liability company” means any company, partnership, trust, or similar business entity organized under the law of a State (as defined in section 1813 of this title) which provides that a member or manager of such company is not personally liable for a debt, obligation, or liability of the company solely by reason of being, or acting as, a member or manager of such company; and

(8) the term “principal investor” means the insured bank that has the largest dollar amount invested in the equity of a bank service company. In any case where two or more insured banks have equal dollar amounts invested in a bank service company, the company shall, prior to commencing operations, select one of the insured banks as its principal investor and shall notify the bank’s appropriate Federal banking agency of that choice within 5 business days of its selection.

(Pub. L. 87-856, §1, Oct. 23, 1962, 76 Stat. 1132; Pub. L. 97-320, title VII, §709, Oct. 15, 1982, 96 Stat. 1540; Pub. L. 97-457, §32(a), Jan. 12, 1983, 96 Stat. 2511; Pub. L. 104-208, div. A, title II, §2613(a), (b), Sept. 30, 1996, 110 Stat. 3009-476.)

AMENDMENTS

1996—Subsec. (a). Pub. L. 104-208, §2613(a), inserted heading and amended text of subsec. (a) generally. Prior to amendment, text read as follows: “This chapter may be cited as the ‘Bank Service Corporation Act’.”

Subsec. (b)(2). Pub. L. 104-208, §2613(b)(1), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “the term ‘bank service corporation’ means a corporation organized to perform services authorized by this chapter, all of the capital stock of which is owned by one or more insured banks.”

Subsec. (b)(6). Pub. L. 104-208, §2613(b)(2), substituted “company” for “corporation” and struck out “and” after semicolon at end.

Subsec. (b)(7). Pub. L. 104-208, §2613(b)(3), added par. (7). Former par. (7) redesignated (8).

Subsec. (b)(8). Pub. L. 104-208, §2613(b)(4), substituted “company” for “corporation” wherever appearing and “equity” for “capital stock”.

Pub. L. 104-208, §2613(b)(3), redesignated par. (7) as (8). 1983—Subsec. (b)(4). Pub. L. 97-457 substituted “a” for “or another” after “insured bank,” and inserted reference to a financial institution insured by State law and eligible to be insured by certain Federal agencies.